Adjustable Rate Mortgage Program Disclosure

SAMPLE - 1 YR ARM – 2% POINTS - 30 YEARS

Program Code: 023

This disclosure describes the features of one of the adjustable rate mortgage (ARM) program you are considering. Disclosures and further information on other ARM programs are available upon request.

How Your Interest Rate And Payment Are Determined

Your interest and payment amount can change. Starting with your first change, your interest rate will be based on the Index rate plus a margin, and will be rounded. Your payment will be based on the interest rate, loan balance and remaining loan term. Ask us for our current interest rate and margin.

Many of the terms used here, such as “Index” and “Margin” are explained in the attached booklet entitled “Consumer Handbook on Adjustable Rate Mortgages”, and in our detailed Program Disclosure, both of which were given to you in our application package.

Your index is the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year, published weekly (usually Tuesday) in the Wall Street Journal.

Each time we change your interest rate, it will be set to equal the index plus a margin, and rounded to the nearest $1/8^{th}$ of one percentage point. This will equal your new interest rate unless your interest rate “caps” limit the amount of change in the interest rate. See the description of the “caps” in the section below.

Please note, however, that your initial interest rate is not based on the index used to make later adjustments. Initial interest rates which have been set in this manner are often referred to as having been “discounted”. Ask us for the amount this adjustable rate mortgage program is currently “discounted”

How Your Interest Rate Can Change

Your interest rate and payment can change once each year. The amounts and changes in any tax escrows or insurance escrows are not described in or taken into account in this advance disclosure.

Your interest rate cannot increase or decrease more than two percentage points (2.0%) at each adjustment, or increase or decrease more than six percentage points (6%) over the initial interest rate during the term of the loan. These are called interest rate “caps”.

How Your Monthly Payment Can Change

Your monthly payment can change once each year based on changes in the interest rate. The amounts and changes in any tax escrows or insurance escrows are not described in or taken into account in this advance disclosure.

We will send you a written notice at least 25 but not more than 120 days before a change in rate takes effect. Once the rate is changed, the payment first due after the rate change will reflect the new payment level. This is caused by the fact that mortgage interest is charged for the month immediately past. This notice will contain information about your index, interest rates, payment amount and loan balance.

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The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1996 to 2010. This does not necessarily indicate how your index will change in the future. The example is based on the following assumptions:

Amount: $10,000 Term: 360 Months Margin: 2.750 Percentage points*
Initial interest rate premium: 1.125 percentage points.**
Regular interest rate and payment adjustment interval: 12 months.
Maximum increase at each adjustment interval: 2.000 percentage points.
Maximum decrease at each adjustment interval: 2.000 percentage points.
Maximum increase over the life of the loan: 6.000 percentage points.
Index: Weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year.

YEAR AS OF FIRST WEEK ENDING IN JAN	INDEX (%)	MARGIN PERCENTAGE POINTS	INTEREST RATE (%)~	MONTHLY PAYMENT ($)	REMAINING BALANCE ($)
1996	5.180	2.750 *	9.000***	80.46	9931.71
1997	5.550	2.750 *	8.250	75.21	9845.34
1998	5.520	2.750 *	8.250	75.21	9751.56
1999	4.590	2.750 *	7.375	69.48	9633.03
2000	6.030	2.750 *	8.750	78.36	9531.60
2001	4.890	2.750 *	7.625	71.22	9399.18
2002	2.240	2.750 *	5.625####	59.54	9208.53
2003	1.380	2.750 *	4.125	51.71	8963.26
2004	1.290	2.750 *	4.000	51.11	8703.75
2005	2.820	2.750 *	5.625	58.94	8480.35
2006	4.370	2.750 *	7.125	66.39	8281.49
2007	4.980	2.750 *	7.750	69.50	8082.33
2008	3.180	2.750 *	5.875	60.71	7821.70
2009	0.370	2.750 *	3.875####	52.41	7490.02
2010	0.470	2.750 *	3.250	50.08	7127.11

~ Interest rates are rounded to the nearest 1/8 percentage point.
* This a margin we have used recently; yours may be different
** This is a discount we have used recently; yours may be different
*** This rate reflects a premium of 1.125% in your initial rate.
**** This rate reflects a 2.000% rate cap at each adjustment.
This rate reflects a 2.000% rate floor at each adjustment.

To see what your payments would have been during that period, divide your mortgage amount by $10,000; then multiply the monthly payments by that amount. (For example, in 2010 the monthly payment for a mortgage amount of $60,000 taken out in 1996 would be: $60,000 / $10,000 = 6; 6 x $50.08 = $300.48.)